

BANK INDONESIA REGULATION  
NUMBER 6/26/PBI/2004  
CONCERNING  
INTEREST RATES AND FINANCING RATIOS  
UNDER THE PROFIT SHARING PRINCIPLE FOR PROGRAM CREDIT

THE GOVERNOR OF BANK INDONESIA,

- Considering : a. whereas the current state of the economy and banking system has significantly improved from the conditions in the aftermath of the economic, monetary, and banking crisis of 1997;
- b. whereas the levels of interest rates and financing ratios under the profit sharing principle for Program Credit currently in effect continue to be based on the provisions issued in an effort to mitigate the impact of the crisis;
- c. now therefore with the improvement in economic and monetary conditions and the banking system and to strengthen efficiency in channeling of bank credit or financing, it is deemed necessary to make adjustments to the interest rates and financing ratios under the profit sharing principle for program credit by stipulating these changes in a Bank Indonesia Regulation concerning Interest Rates and Financing Ratios under the Profit Sharing Principle for Program Credit;

In view ...

- In view of : 1. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357);
2. Bank Indonesia Regulation Number 5/20/PBI/2003 dated September 17, 2003, concerning Transfer of Management of Bank Indonesia Liquidity Credit within the Framework of Program Credit (State Gazette of the Republic of Indonesia Number 105 of 2003, Supplement to the State Gazette of the Republic of Indonesia Number 4432);

HAS DECREED:

To enact : THE BANK INDONESIA REGULATION CONCERNING INTEREST RATES AND FINANCING RATIOS UNDER THE PROFIT SHARING PRINCIPLE FOR PROGRAM CREDIT.

## Article 1

The terminology used in this Bank Indonesia Regulation has the following meanings:

1. “Program Credit” is credit or financing channeled by executing banks with the support of Bank Indonesia Liquidity Credit (KLBI) in support of Government programs.
2. “Bank” is a Commercial Bank and Rural Bank (RB) as defined in Act Number 7 of 1992 concerning Banking, as amended by Act Number 10 of 1998, conducting operations in Program Credit.
3. “Coordinating SOEs” are State Owned Enterprises appointed to receive the transfer of management of KLBI within the Framework of Program Credit, as referred to in Decree of the Minister of Finance Number 487/KMK.017/1999 dated October 13, 1999, namely PT. Bank Rakyat Indonesia (Persero), PT. Bank Tabungan Negara (Persero), and PT. Permodalan Nasional Madani (Persero).

## Article 2

Interest rates and financing ratios under the profit sharing principle for Program Credit are the interest rates and financing ratios under the profit sharing principle for Program Credit schemes as stipulated in:

- a. Decree of the Board of Managing Directors of Bank Indonesia Number 31/45/KEP/DIR dated June 10, 1998, concerning Credit to Primary Cooperatives for Members, hereinafter referred to as KKPA, including Credit to Primary Cooperatives for Members under the Profit Sharing Scheme, hereinafter referred to as KKPA Bagi Hasil;

b. Decree ...

- b. Decree of the Board of Managing Directors of Bank Indonesia Number 31/91/KEP/DIR dated September 9, 1998, concerning Amendment to Decree of the Board of Managing Directors of Bank Indonesia Number 29/67/KEP/DIR dated July 26, 1996, concerning Credit for Financing of Indonesian Overseas Workers under the Credit to Primary Cooperatives for Members Scheme, hereinafter referred to as KKPA-TKI;
- c. Decree of the Board of Managing Directors of Bank Indonesia Number 31/92/KEP/DIR dated September 9, 1998, concerning amendment to Decree of the Board of Managing Directors of Bank Indonesia Number 29/69/KEP/DIR dated July 26, 1996, concerning Credit to Primary Cooperatives for Members under the Smallholder Nucleus Estate Company Scheme for Opening of New Transmigrant Settlements in Eastern Indonesia, hereinafter referred to as KKPA-PIR Trans;
- d. Decree of the Board of Managing Directors of Bank Indonesia Number 31/165A/KEP/DIR dated December 11, 1998, concerning Credit to Primary Cooperatives for Members for Financing of Fisheries, hereinafter referred to as KKPA-Nelayan;
- e. Decree of the Board of Managing Directors of Bank Indonesia Number 31/165B/KEP/DIR dated December 11, 1998, concerning Credit to Primary Cooperatives for Members for Financing of Poultry Farms, hereinafter referred to as KKPA-Unggas;
- f. Decree of the Board of Managing Directors of Bank Indonesia Number 31/185/KEP/DIR dated January 5, 1999, concerning Credit to Small-Scale Entrepreneurs and Micro Entrepreneurs through Commercial Banks (KPKM-Bank Umum) and amendments thereto as referred to in Letter of Bank Indonesia to PT. Permodalan Nasional Madani Number 2/162/BKd dated July 4, 2000,

concerning ...

concerning Response to Proposed Changes in Credit Program Provisions, hereinafter referred to as KPKM-Bank Umum;

- g. Decree of the Board of Managing Directors of Bank Indonesia Number 31/39/KEP/DIR dated June 5, 1998, concerning Bank Indonesia Working Capital Credit for Development of Rural Banks, hereinafter referred to as KKPA-BPR; and
- h. Decree of the Board of Managing Directors of Bank Indonesia Number 31/64/KEP/DIR dated July 13, 1998, concerning Bank Indonesia Financing of Working Capital for Development of Sharia Rural Banks, hereinafter referred to as KKPA-BPRS; and
- i. Bank Indonesia Regulation Number 6/12/PBI/2004 dated April 19, 2004, concerning Investment Credit for Pre-Conversion Estate Development under the Smallholder Nucleus Company Scheme for Transmigrants (PIR-Trans), hereinafter referred to as PIR-Trans Pra Konversi.

### Article 3

- (1) The loan interest rates and KLBI interest rates for Program Credit as referred to in Article 2 letters a, b, c, d, e, f, g, and i are stipulated as follows:
  - a. for the KKPA, KKPA-PIR Trans, KKPA-Nelayan, and KKPA-Unggas schemes:
    - 1. the loan interest rate charged by Banks for debtors shall be 14% (fourteen percent) per annum;
    - 2. the KLBI interest rate charged by Bank Indonesia or Coordinating SOEs for Banks shall be 7% (seven percent) per annum;
  - b. for the KKPA-TKI scheme:

1. the loan interest rate charged by Banks for Recruiting Companies for Indonesian Overseas Workers (PJTKI) shall be 14% (fourteen percent) per annum, subject to the following provisions:
  - a) if the Bank requires loan insurance from a loan insurance institution, the loan interest rate charged for a PJTKI shall be 12% (twelve percent) effective per annum, and the PJTKI shall pay a loan insurance premium;
  - b) if the Bank does not require loan insurance, the loan interest rate charged for a PJTKI shall be 14% (fourteen percent) effective per annum, subject to the provision that an amount of 2% (two percent) will be returned to the PJTKI as gratuity upon expiration of the term of the loan, and in the event of loan arrears, the gratuity shall be first applied against the loan arrears concerned;
2. the KLBI interest rate charged by Bank Indonesia or Coordinating SOEs for Banks shall be 7% (seven percent) per annum;
- c. for the KPKM-Bank Umum scheme:
  1. the loan interest rate charged by Banks for debtors shall be 14% (fourteen percent) per annum;
  2. the KLBI interest rate charged by Bank Indonesia or Coordinating SOEs for Banks shall be 7% (seven percent) per annum;
- d. for the KMK-BPR scheme:
  1. the loan interest rate charged by Banks for debtors shall be 28% (twenty-eight percent) per annum;
  2. the KLBI interest rate charged by Bank Indonesia or Coordinating SOEs to Banks shall be 13% (thirteen percent) per annum;
- e. for the PIR-Trans Pra Konversi credit scheme:

1. the loan interest rate charged by Banks for debtors shall be 14% (fourteen percent) per annum;
  2. the KLBI interest rate charged by Bank Indonesia or Coordinating SOEs to Banks shall be 6.5% (six point five percent) per annum;
- (2) Financing ratios under the profit sharing principle for Program Credit as referred to in Article 2 letter a and letter h are stipulated as follows:
- a. for the KKPA Bagi Hasil scheme:
    1. the financing ratio under the profit sharing principle charged by Banks for debtors shall be a maximum margin of 14% (fourteen percent) per annum;
    2. the financing ratio under profit sharing principle charged by Bank Indonesia or Coordinating SOEs for Banks shall be equivalent to the interest rate of 7% (seven percent) per annum;
    3. in the event of any surplus or shortfall in Bank revenue from debtors, the revenue for Bank Indonesia or the Coordinating SOE shall not change;
  - b. for the PMK-BPRS scheme:
    1. the financing ratio under the profit sharing principle charged by Banks to debtors shall be a maximum margin of 28% (twenty-eight percent) per annum;
    2. the financing ratio under profit sharing principle charged by Bank Indonesia or Coordinating SOEs for Banks shall be equivalent to the interest rate of 13% (thirteen percent) per annum;
    3. in the event of any surplus or shortfall in Bank revenues from debtor, the revenue for Bank Indonesia or the Coordinating SOE shall not change.

#### Article 4

Interest rates and financing ratios under the profit sharing principle for Program Credit as referred to in Article 3 are applicable for Program Credit approved by Bank Indonesia and/or approved by Coordinating SOEs within the framework of KLBI relending following the transfer of KLBI management pursuant to a Decree of the Board of Managing Directors of Bank Indonesia as referred to in Article 2.

#### Article 5

Calculation using the interest rates and financing ratios under the profit sharing principle for Program Credit pursuant to this Bank Indonesia Regulation shall commence from January 1, 2005.

#### Article 6

- (1) Coordinating SOEs are required to bring the KLBI interest rates and/or financing ratios under the profit sharing principle for Program Credit for Banks into compliance with the provisions of this Bank Indonesia Regulation.
- (2) Coordinating SOEs are required to amend the loan documents and/or documents for financing under the profit sharing principle in respect of the change in interest rates and/or financing ratios under the profit sharing principle for Program Credit, in which the documents comprise a copy of addendum to the Credit Confirmation Document and copy of addendum to Deed F, no later than December 31, 2004.

(3) Coordinating ...



- (3) Coordinating SOEs are required to submit amended credit documents and/or documents for financing under the profit sharing principle as referred to in paragraph (2) to Bank Indonesia no later than December 31, 2004.

#### Article 7

- (1) Banks shall approve the addenda to Credit Confirmation Documents and addenda to Deed F as amended by Coordinating SOEs as referred to in Article 6 paragraph (2).
- (2) Banks are required to bring loan interest rates and/or financing ratios under the profit sharing principle for Program Credit for debtors into compliance with the provisions in this Bank Indonesia Regulation.
- (3) Banks are required to amend loan documents and/or documents for financing under the profit sharing principle in regard to the adjustment in interest rates and/or financing ratios under the profit sharing principle for Program Credit referred to in paragraph (2).

#### Article 8

- (1) Any violation of Article 6 paragraph (1) shall be liable to a financial penalty equal to the interest rate on 1 (one) month Bank Indonesia Certificates multiplied by the amount of KLBI carrying an interest rate or financing ratio under the profit sharing principle in departure from the provisions of this Bank Indonesia Regulation, commencing from January 1, 2005 through the date of change in interest rates and/or financing ratios under the profit sharing

principle ...

principle as stated in loan documents and/or documents for financing under the profit sharing principle.

(2) Any violation of Article 7 paragraph (2) shall be liable to a financial penalty as follows:

- a. the interest rate on 1 (one) month Bank Indonesia Certificates multiplied by the amount of KLBI carrying an interest rate in departure from the provisions of this Bank Indonesia Regulation, commencing from January 1, 2005 through the date of change in interest rates as stated in the loan document, or
- b. the financing ratio under the profit sharing principle equivalent to the 1 (one) month SBI interest rate, multiplied by the amount of KLBI carrying a financing ratio under the profit sharing principle in departure from the provisions of this Bank Indonesia Regulation, commencing from January 1, 2005, through the date of change of financing ratios under the profit sharing principle as stated in documents for financing under the profit sharing principle.

## Article 9

With the enactment of this Bank Indonesia Regulation, the provisions concerning interest rates and financing ratios under the profit sharing principle for Program Credit stipulated in:

- a. Article 10 paragraph (1) and Article 16 paragraph (1) of Decree of the Board of Managing Directors of Bank Indonesia Number 31/45/KEP/DIR dated June 10, 1998, concerning Credit to Primary Cooperatives for Members;

b. Article ...

- b. Article 12 paragraphs (1), (2), (3), and (4), and Article 20 paragraph (1) of Decree of the Board of Managing Directors of Bank Indonesia Number 29/67/KEP/DIR dated July 26, 1996, concerning Indonesian Overseas Workers under the Credit to Primary Cooperatives Scheme as amended by Decree of the Board of Managing Directors of Bank Indonesia Number 31/91/KEP/DIR dated September 9, 1998;
- c. Article 12 paragraph (1) and Article 25 paragraph (1) of Decree of the Board of Managing Directors of Bank Indonesia Number 29/69/KEP/DIR dated July 26, 1996, concerning Credit to Primary Cooperatives for Members under the Transmigrant Smallholder Nucleus Estate Company Scheme for Opening of New Transmigrant Settlements in Eastern Indonesia as amended by Decree of the Board of Managing Directors of Bank Indonesia Number 31/92/KEP/DIR dated September 9, 1998;
- d. Article 10 paragraph (1) and Article 16 paragraph (1) of Decree of the Board of Managing Directors of Bank Indonesia Number 31/165A/KEP/DIR dated December 11, 1998, concerning Credit to Primary Cooperatives for Members for Financing of Fisheries;
- e. Article 11 paragraph (1) and Article 16 paragraph (1) of Decree of the Board of Managing Directors of Bank Indonesia Number 31/165B/KEP/DIR dated December 11, 1998, concerning Credit to Primary Cooperatives for Members for Financing of Poultry Farms;
- f. Article 8 paragraph (1) and Article 14 paragraph (1) of Decree of the Board of Managing Directors of Bank Indonesia Number 31/185/KEP/DIR dated January 5, 1999, concerning Credit to Small-Scale Entrepreneurs and Micro Entrepreneurs through Commercial Banks (KPKM-Bank Umum), and the provisions set forth in Letter of Bank Indonesia to PT. Permodalan Nasional

Madani Number 2/162/BKr dated July 4, 2000, concerning Response to Proposed Changes in Program Credit Provisions;

- g. Article 6 paragraph (1) and Article 9 of Decree of the Board of Managing Directors of Bank Indonesia Number 31/39/KEP/DIR dated June 5, 1998, concerning Bank Indonesia Working Capital Credit for Development of Rural Banks (KMK-BPR);
- h. Article 6 paragraph (1), (3), and (4) of Decree of the Board of Managing Directors of Bank Indonesia Number 31/64/KEP/DIR dated July 13, 1998, concerning Bank Indonesia Working Capital Credit for Development of Sharia Rural Banks (PMK-BPRS); and
- i. Article 5 of Bank Indonesia Regulation Number 6/12/PBI/2004 dated April 19, 2004, concerning Investment Credit for Pre-Conversion Estate Development under the Smallholder Nucleus Company Scheme for Transmigrants (PIR-Trans);

are revoked and declared no longer valid.

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Article 10

This Bank Indonesia Regulation shall come into force on the date of its enactment.

Enacted in Jakarta

Dated October 25, 2004

THE GOVERNOR OF BANK INDONESIA

BURHANUDDIN ABDULLAH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 158 OF 2004

ELUCIDATION  
TO  
BANK INDONESIA REGULATION  
NUMBER: 6 /26/PBI/2004  
  
CONCERNING  
INTEREST RATES AND FINANCING RATIOS  
UNDER THE PROFIT SHARING PRINCIPLE FOR PROGRAM CREDIT

I. GENERAL REVIEW

The current state of various economic and banking indicators is significantly improved from the conditions in the aftermath of the economic, monetary, and banking crisis of 1997. This is demonstrated, among others, by decline in the commercial lending rates charged by Banks. On the other hand, the interest rates and financing ratios under the profit sharing principle currently in effect for Program Credit continue to be based on provisions issued in an effort to mitigate the impact of the economic, monetary, and banking crisis.

In view of the ongoing improvement in economic conditions and the banking system and to improve efficiency in channeling of credit and financing by Banks, it is deemed necessary to introduce adjustments to interest rates and financing ratios under the profit sharing principle for Program Credit and to stipulate these adjustments in a Bank Indonesia Regulation.

The provisions in this Bank Indonesia Regulation are intended to regulate outstanding KLBI approved by Bank Indonesia prior to the promulgation of

Act Number 23 of 1999 concerning Bank Indonesia as amended by Act Number 3 of 2004 and outstanding KLBI relending funds approved by Coordinating SOEs after transfer of KLBI management.

There is no provision of new KLBI facilities from Bank Indonesia pursuant to this Bank Indonesia Regulation.

## II. ARTICLE BY ARTICLE

### Article 1

Self-explanatory

### Article 2

Self-explanatory

### Article 3

#### Paragraph (1)

These interest rates shall not be used for charging of compound interest.

#### Paragraph (2)

The ratio shall not be charged for any subsequent ratio.

### Article 4

Self-explanatory

### Article 5

Self-explanatory

## Article 6

### Paragraph (1)

Self-explanatory

### Paragraph (2)

The scope of loan documents and/or financing documents that must be amended by Coordinating SOEs covers the following documents for Program Credit:

- a. Program Credit approved by Bank Indonesia prior to the promulgation of Act Number 23 of 1999 concerning Bank Indonesia as amended by Act Number 3 of 2004; and
- b. Program Credit approved by Coordinating SOEs within the framework of KLBI relending following the transfer of KLBI management.

### Paragraph (3)

The loan and/or financing documents to be submitted to Bank Indonesia are the loan and/or financing documents for Program Credit approved by Bank Indonesia prior to the promulgation of Act Number 23 of 1999 concerning Bank Indonesia as amended by Act Number 3 of 2004.

These documents shall bear the signatures of the Coordinating SOE and the respective Bank.

## Article 7

### Paragraph (1)

Self-explanatory

Paragraph (2) ...



Paragraph (2)

Self-explanatory

Paragraph (3)

The scope of loan documents and/or financing documents that must be amended by Coordinating SOEs covers the following documents for Program Credit:

- a. Program Credit approved by Bank Indonesia prior to the promulgation of Act Number 23 of 1999 concerning Bank Indonesia as amended by Act Number 3 of 2004; and
- b. Program Credit approved by Coordinating SOEs within the framework of KLBI relending following the transfer of KLBI management.

Article 8

Paragraph (1)

“Interest rate on 1 (one) month SBIs” is defined as the interest rate on 1 (one) month SBIs formed in the last auction prior to January 1, 2005.

Paragraph (2)

“Interest rate on 1 (one) month SBIs” is defined as the interest rate on 1 (one) month SBIs formed in the last auction prior to January 1, 2005.

Article 9

Self-explanatory

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Article 10

Self-explanatory